

OELWEIN COMMUNITY SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2010

# Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	4-5
Management's Discussion and Analysis (MD & A)	7-16
Basic Financial Statements:	<u>Exhibit</u>
Government-Wide Financial Statements:	
Statement of Net Assets	A 17
Statement of Activities	B 18-19
Governmental Fund Financial Statements:	
Balance Sheet	C 20
Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets	D 21
Statement of Revenues, Expenditures and Changes in Fund Balances	E 22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds to the Statement of Activities	F 23
Proprietary Fund Financial Statements:	
Statement of Net Assets	G 24
Statement of Revenues, Expenses and Changes in Net Assets	H 25
Statement of Cash Flows	I 26-27
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Assets	J 28
Statement of Changes in Fiduciary Net Assets	K 29
Notes to Financial Statements	31-46
Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund	47-48
Notes to Required Supplementary Information - Budgetary Reporting	49
Schedule of Funding Progress for the Retiree Health Plan	50
	<u>Schedule</u>
Other Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 51
Combining Schedule of Revenues, Expenditures And Changes in Fund Balances	2 52
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3 53-55
Schedule of Revenues by Source and Expenditures by Function- All Governmental Fund Types	4 56
Schedule of Expenditures of Federal Awards	5 57
Independent Auditor's Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	58-59
Independent Auditor's Report on Compliance with Requirements Applicable To Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	60-61
Schedule of Findings and Questioned Costs	62-64
Staff	65

Oelwein Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2009 Election)		
James Moeller	President	2009
Candace King	Vice-President	2010
Rick Myott	Board Member	2009
Kathy Adams	Board Member	2010
David Eick	Board Member	2011
Charlene Stocker	Board Member	2009
David Schmidt	Board Member	2009
Board of Education (After September 2009 Election)		
Candace King	President	2011
Charlene Stocker	Vice-President	2013
Cindy Wilharm	Board Member	2013
Kathy Adams	Board Member	2011
David Eick	Board Member	2011
David Schmidt	Board Member	2013
Dana Bostian	Board Member	2013
School Officials		
James Patera (Retired July 1, 2010)	Superintendent	2010
Steve Westerberg (Hired July 1, 2010)	Superintendent	2011
Joan Loew	District Sec/Treas & Business Manager	2010
Ahlers Law Firm	Attorney	Indefinite

**RFSW** Ridihalgh Fuelling  
Snitker Weber & Co.  
C E R T I F I E D P U B L I C A C C O U N T A N T S

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Oelwein, IA 50662  
(319)283-1173  
Fax (319)283-2799

Independent Auditor's Report

To the Board of Education of  
Oelwein Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oelwein Community School District, Oelwein, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Oelwein Community School District as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated December 13, 2010 on our consideration of the Oelwein Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information, and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 47 through 50 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board.



We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oelwein Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.*

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.  
Certified Public Accounts

December 13, 2010

Oelwein Community School District  
Management Discussion and Analysis

## **Management Discussion and Analysis**

Oelwein Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **Financial Highlights**

- The District increased its tax levy rate from \$15.53 (per thousand of taxable valuation) in fiscal year 2009 to \$15.76 for fiscal year 2010. This was due in a large part to an increase in the management fund levy.
- General Fund revenues increased \$14,286 from \$13,408,848 in fiscal year 2009 to \$13,423,134 in fiscal year 2010, while General Fund expenditures decreased from \$13,430,529 in fiscal 2009 to \$13,208,914 in fiscal year 2010.
- The District's solvency ratio based on the unreserved fund balance divided by total general fund revenues was approximately 4% on June 30, 2010 down from 9% on June 30, 2009.
- The District enrollment experienced a larger than anticipated decline in student enrollment when enrollment decreased by 72 students for a total of 1305 students as of October 1, 2009.
- In October 2009, the State of Iowa implemented a 10% across the board cut to state aid. This impacted the District's cash flow by \$688,577, however, it did not impact spending authority.
- The District ended fiscal year 2010 with a positive special education balance due to additional federal ARRA funding received.

## Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds statements* offer *short- and long-term* financial information about the activities the District operates *like businesses*, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

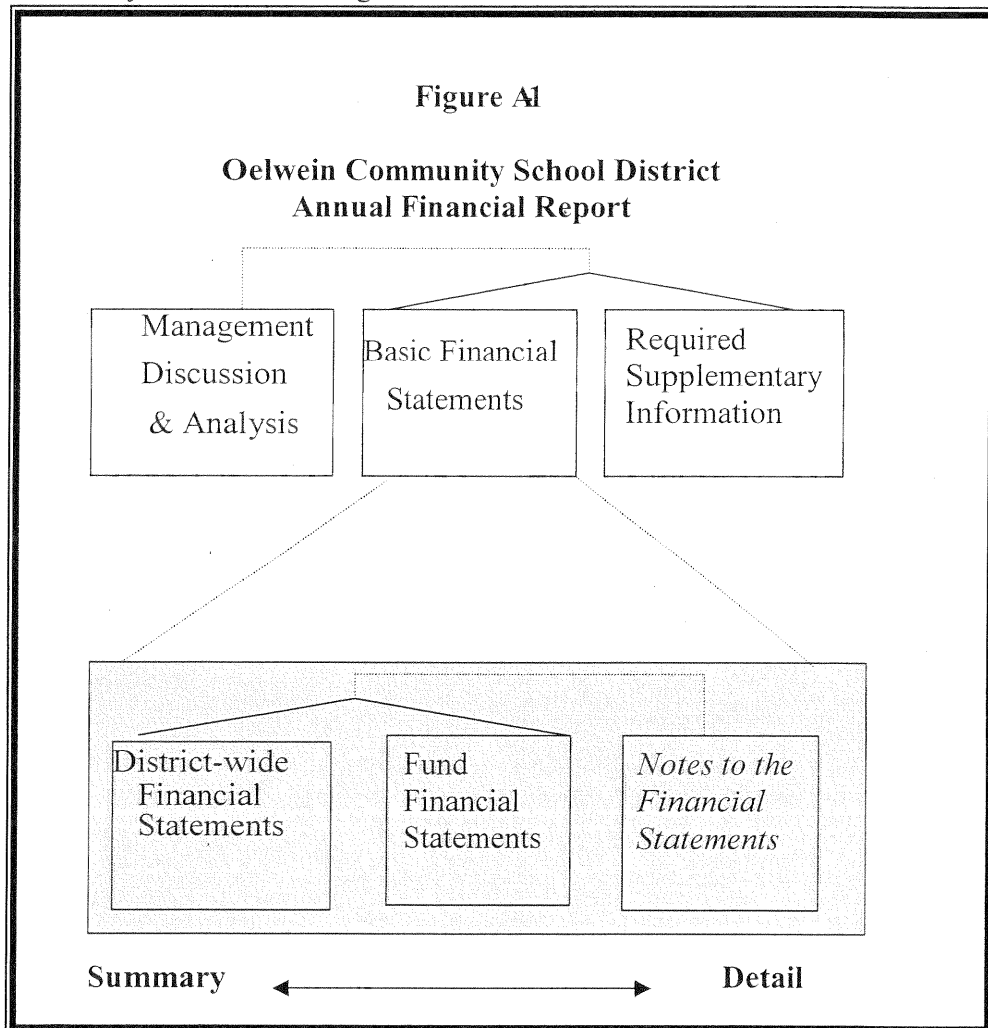


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

<b>Figure A-2: Major Features of the District-Wide and Fund Financial Statements</b>				
	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services is included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## District-wide Financial Statements

The District-wide statements report information about the district as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school building and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service program would be included here.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District chooses not to use any internal service funds.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

### Financial Analysis of the District as a Whole

*Net assets.* Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2009 and June 30, 2010.

**Figure A-3**

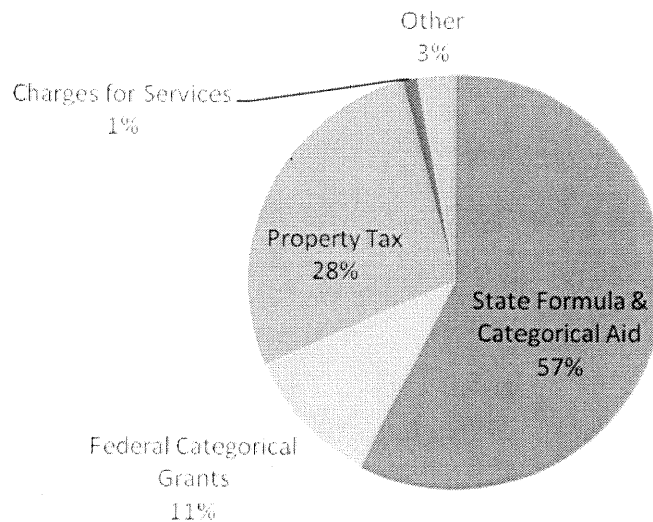
**Condensed Statement of Net Assets (in thousands of dollars)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total School District</b>	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Current and other assets	9,221	9,998	117	125	9,338	10,123
Capital assets	12,641	12,222	37	38	12,678	12,260
<b>Total assets</b>	<b>21,862</b>	<b>22,220</b>	<b>154</b>	<b>163</b>	<b>22,016</b>	<b>22,383</b>
Long-term debt outstanding	2,985	2,278	6	5	2,991	2,283
Other liabilities	6,014	6,175	0	4	6,014	6,179
<b>Total liabilities</b>	<b>8,999</b>	<b>8,453</b>	<b>6</b>	<b>9</b>	<b>9,005</b>	<b>8,462</b>
Net assets						
Invested in capital assets, net of related debt	9,699	9,997	37	38	9,736	10,035
Restricted	2,008	3,278	-	-	2,008	3,278
Unrestricted	1,155	492	111	115	1,266	607
<b>Total net assets</b>	<b>12,862</b>	<b>13,767</b>	<b>148</b>	<b>153</b>	<b>13,010</b>	<b>13,920</b>

Note: totals may not add due to rounding.

General Fund revenues increased in FY 2010 over FY 2009. State foundation formula aid decreased due to the 10% across the board cut. Federal funds increased \$727,480 from the Federal ARRA funding. (Figure A-4)

### Sources of Revenues for FY 10 (Figure A-4)



Total General Fund categories decreased expenditures from \$13,430,529 in FY 09 to \$13,208,914 in FY10 . Instruction percentage was 70% (Figure A-5)

### Expenditures for FY 10 (Figure A-5)

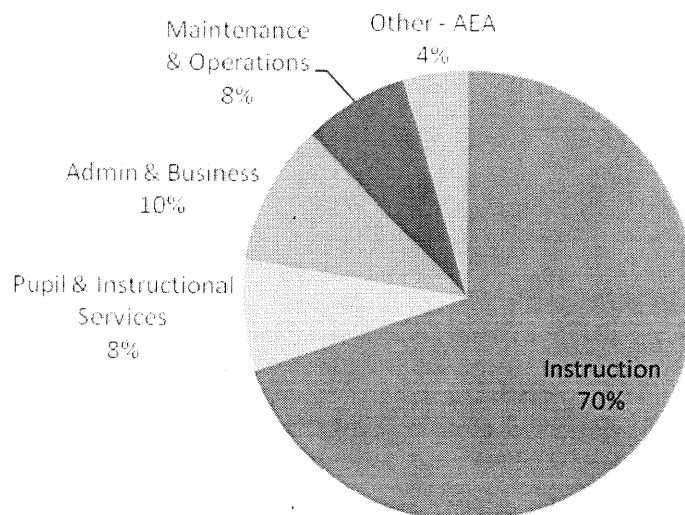




Figure A-6 presents the cost of six major district activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other as compared to FY 2009 costs. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Figure A-6**  
**Net Cost of Governmental Activities**

	<b>Total Cost of Services <u>2009</u></b>	<b>Total Cost Of Services <u>2010</u></b>
Instruction	10,709,758	10,346,636
Pupil & Instructional Services	592,625	694,445
Administrative & Business	1,404,241	1,474,045
Maintenance & operations	1,182,476	1,109,943
Transportation	458,113	442,057
Other	643,767	665,898
<b>Total</b>	<b>14,990,980</b>	<b>14,733,024</b>

Note: totals may not add due to rounding.

- The cost of all governmental activities this year was \$14,733,024
- The Federal government subsidized certain programs with grants and contributions of \$1,582,359. The non-federal portion of governmental activities was financed with property tax, state aid based on the statewide finance formula and the remainder with state grants, contributions, tuitions and other revenues.
- Most of the District's costs, however, were financed by District and state taxpayers.

### **Business-Type Activities**

Revenues of the District's business-type activities were \$710,827 and expenses were \$705,499. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

### **Financial Analysis of the District's Funds**

As noted earlier, the Oelwein Community Schools uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$3,842,589 an increase over last year's ending fund balances of \$3,239,481. The majority of the combined fund balance increase was in the Capital Projects and Physical Plant and Equipment Funds as the district cut back on expenditures in all funds.

## **Governmental Fund Highlights**

The District's General Fund financial position is the product of many factors. Revenues increased while expenditures decreased from the previous year, however, the District's General Fund revenues exceeded expenditures which resulted in an increase in the General Fund balance from \$1,390,406 to \$1,482,671.

The District ended fiscal 2010 with a Capital Projects Fund balance of \$1,123,645 compared to a fiscal 2009 balance of \$767,094. Half of these revenues are spent to pay down existing debt with the other half committed to the repayment of the revenue bonds.

## **Proprietary Fund Highlights**

The School Nutrition Fund net assets increased slightly from \$153,913 at June 30, 2009, to \$162,966 at June 30, 2010, representing an increase of \$9,053. The district monitors the cost of food and production versus the governmental reimbursement received to determine the appropriate price of meals.

## **Budgetary Highlights**

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust fund. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is now prepared on an accrual basis. A schedule showing the original amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

## **Legal Budgetary Highlights**

The District's total actual receipts were less than the total budgeted receipts. The most significant change resulted in receiving less revenue from various components of local and state sources and more revenue from federal ARRA sources than anticipated.

Total expenditures were less than budgeted due primarily to the District's budget for Instruction in the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should not exceed the actual expenditures during the year. District expenditures did not exceed the certified budget.

## Capital Asset and Debt Administration

### Capital Assets

By the end of fiscal 2010, the District had invested in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and an administrative office. (See Figure A-7) Total depreciation expense for the year was \$659,819.

**Figure A-7**

#### Capital Assets (net of depreciation, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total School District	
	2009	2010	2009	2010	2009	2010
Land	879	879			879	879
Buildings	10,947	10,487			10,947	10,487
Equipment & Furniture	815	855	37	38	852	893
<b>Total</b>	<b>12,641</b>	<b>12,221</b>	<b>37</b>	<b>38</b>	<b>12,678</b>	<b>12,259</b>

### Long-Term Debt

At year-end, the District had \$2,282,915 in general obligation bonds, sales tax revenue bonds, and other long-term debt outstanding. This represents a decrease from the previous fiscal year as can be seen in Figure A-8 below. More detailed information about the District's long-term liabilities is available in the notes to the financial statements.

**Figure A-8**

#### Outstanding Long-Term Debt (expressed in thousands)

	2009	Total School District 2010
General Obligation Bonds	490	185
Notes Payable	169	0
Revenue Bonds	1,250	1,020
Revenue Bonds-QZAB	1,000	1,000
Net OPEB Liability	82	78
<b>Total</b>	<b>2,991</b>	<b>2,283</b>

The District had total outstanding general obligation bonded indebtedness at June 30, 2010 of \$185,000 of an original \$2,500,000 bond issued March 2000 with a maturity date of May 1, 2011. Additionally, the district's remaining debt of an original \$1,900,000 revenue bond issued on July 1, 2005 was \$1,020,000. On November 15, 2007, the district sold \$1,000,000 in Qualified Zone Academy revenue bonds to fund a geothermal system at the Wings Park Elementary School. The District has total outstanding revenue bonded indebtedness at June 30, 2010 of \$2,020,000.

As of June 30, 2010 the District did not exceed its legal debt margin.

### **Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- District enrollment in fiscal year 2010-2011 decreased 12 students to 1,293 students in total budgeted enrollment. Under Iowa's school funding formula, District funding is highly dependant upon District enrollments. This decrease equates to a minimum cut \$69,000 for fiscal year 2011-2012 based on zero percent allowable growth.
- The District continually reevaluates future estimates of enrollment to determine the financial impact. The District spends approximately 78% of its General Fund expenditures on staffing. Salary and benefit settlements, with any employee group, exceeding the rate of growth of state funding will have an adverse impact upon the District's General Fund budget. Additionally, IPERS employer contribution rates will increase by 1.07% to an employer contribution rate of 8.07% beginning July 1, 2011.
- In 2010/2011 the District offered a ten-year health reimbursement account benefit as an early retirement incentive, these benefits will be funded by an increase in the Management Levy.
- On June 1, 2010 the District paid off its \$850,000 Energy Management Improvement Capital Loan Note. Annual payments of approximately \$125,000 were paid from the general fund. The maturity of this note will provide a decrease in the District's general fund expenditures.
- The District will continue to monitor its cash flow as it recovers from the state funding cuts in fiscal year 2010. Additional cuts in funding would be detrimental to the District's financial position, however, the district does anticipate possible cuts as the economic forecast for the State of Iowa shows gradual improvement.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact Joan Loew, Business Manager, Oelwein Community School District, 307 Eighth Avenue S.E., Oelwein, IA 50662.

Oelwein Community School District

Oelwein Community School District  
Statement of Net Assets  
June 30, 2010

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents:			
ISCAP (note 5)	\$ -	-	-
Other	4,998,888	108,736	5,107,624
Receivables:			
Property tax:			
Delinquent	78,885	-	78,885
Succeeding year	4,655,566	-	4,655,566
Accrued interest:			
ISCAP (note 5)	-	-	-
Other	-	-	-
Due from other governments	265,013	1,552	266,565
Inventories	-	14,457	14,457
Capital assets, net of accumulated depreciation (note 6)	12,221,593	38,221	12,259,814
<b>Total assets</b>	<b>22,219,945</b>	<b>162,966</b>	<b>22,382,911</b>
<b>Liabilities</b>			
Accounts payable	239,248	4,447	243,695
Salaries and benefits payable	1,260,949	-	1,260,949
Accrued interest payable	19,330	-	19,330
Deferred revenue-succeeding year property tax	4,655,566	-	4,655,566
Deferred revenue-other	-	-	-
ISCAP warrants payable (note 5)	-	-	-
ISCAP accrued interest payable (note 5)	-	-	-
Long-term liabilities (note 7):			
Portion due within one year:			
Bonds payable	185,000	-	185,000
Revenue bonds payable	240,000	-	240,000
Portion due after one year:			
Revenue bonds payable	1,780,000	-	1,780,000
Net OPED liability	72,749	5,166	77,915
<b>Total Liabilities</b>	<b>8,452,842</b>	<b>9,613</b>	<b>8,462,455</b>
<b>Net Assets</b>			
Invested in net assets, net of related debt	9,997,263	38,221	10,035,484
Restricted for:			
Categorical funding	917,778	-	917,778
Debt service	1,582	-	1,582
Bond sinking funds	620,525	-	620,525
Capital projects	762,087	-	762,087
Management levy	157,480	-	157,480
Physical plant and equipment levy	434,944	-	434,944
Other special revenues purposes	383,300	-	383,300
Unrestricted	492,144	115,132	607,276
<b>Total net assets</b>	<b>\$ 13,767,103</b>	<b>153,353</b>	<b>13,920,456</b>

See notes to financial statements

Oelwein Community School District  
Statement of Activities  
Year ended June 30, 2010

		Program Revenues	
		Charges for	Operating Grants, Contributions and Restricted Interest
Functions/Programs	Expenses	Service	
Governmental activities:			
Instruction:			
Regular instruction	5,977,482	-	-
Special instruction	3,002,014	-	-
Other instruction	1,367,140	-	-
	<u>10,346,636</u>	<u>-</u>	<u>-</u>
Support services:			
Student services	285,839	-	-
Instructional staff services	408,606	-	-
Administration services	447,580	-	-
School Administration	721,768	-	-
Business	304,697	-	-
Operation and maintenance of plant services	1,109,943	-	-
Transportation services	442,057	-	-
	<u>3,720,490</u>	<u>-</u>	<u>-</u>
Non-instructional programs	<u>-</u>		
Other expenditures:			
Long-term debt interest	61,122	-	-
AEA flowthrough	604,776	-	604,776
	<u>665,898</u>	<u>-</u>	<u>604,776</u>
Total governmental activities	14,733,024	-	604,776
Business-Type activities:			
Non-instructional programs:			
Nutrition services	705,499	291,153	419,674
Total	<u>15,438,523</u>	<u>291,153</u>	<u>1,024,450</u>
General Revenues:			
Property tax levied for:			
General purposes			
Debt service			
Special revenue			
Tuition			
Unrestricted state grants			
Federal grants			
Other			
Total general revenues			
Change in net assets			
Net assets beginning of year.			
Net assets end of year			

See notes to financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type activities	Total
(5,977,482)	-	(5,977,482)
(3,002,014)	-	(3,002,014)
(1,367,140)	-	(1,367,140)
(10,346,636)	-	(10,346,636)
-		
(285,839)	-	(285,839)
(408,606)	-	(408,606)
(447,580)	-	(447,580)
(721,768)	-	(721,768)
(304,697)	-	(304,697)
(1,109,943)	-	(1,109,943)
(442,057)	-	(442,057)
(3,720,490)	-	(3,720,490)
-		
-	-	-
-		
(61,122)	-	(61,122)
-	-	-
(61,122)	-	(61,122)
-		
(14,128,248)	-	(14,128,248)
-		
-	5,328	5,328
(14,128,248)	5,328	(14,122,920)
5,270,409	-	5,270,409
-	-	-
316,978	-	316,978
152,508	-	152,508
7,710,706	-	7,710,706
1,582,359	-	1,582,359
-	-	-
15,032,960	-	15,032,960
904,712	5,328	910,040
12,862,391	148,025	13,010,416
13,767,103	153,353	13,920,456

See notes to financial statements



## Oelwein Community School District

Balance Sheet  
Governmental Funds

June 30, 2010

	General	Debt Service	Capital Projects	Nonmajor	Total
<b>Assets</b>					
Cash and pooled investments:					
ISCAP (note 5)	\$ -	-	-	-	-
Other	2,548,996	260,549	1,123,645	1,065,698	4,998,888
Receivables:					
Property tax:					
Delinquent	67,802	-	-	11,083	78,885
Succeeding year	3,928,870	-	-	726,696	4,655,566
Due from other governments	264,614	-	-	399	265,013
Accrued interest-ISCAP (note 5)	-	-	-	-	-
<b>Total assets</b>	<b>6,810,282</b>	<b>260,549</b>	<b>1,123,645</b>	<b>1,803,876</b>	<b>9,998,352</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	239,248	-	-	-	239,248
Salaries and benefits payable	1,159,493	-	-	101,456	1,260,949
ISCAP warrants payable (note 5)	-	-	-	-	-
ISCAP accrued interest payable (note 5)	-	-	-	-	-
Deferred revenue:					
Succeeding year property tax	3,928,870	-	-	726,696	4,655,566
Other	-	-	-	-	-
Total liabilities	5,327,611	-	-	828,152	6,155,763
Fund balances:					
Reserved for:					
Categorical funding	917,778	-	-	-	917,778
Debt service	-	1,582	-	-	1,582
Bond sinking fund	-	258,967	361,558	-	620,525
Capital projects	-	-	762,087	-	762,087
Unreserved	564,893	-	-	975,724	1,540,617
Total fund balances	1,482,671	260,549	1,123,645	975,724	3,842,589
<b>Total liabilities and fund balances</b>	<b>\$ 6,810,282</b>	<b>260,549</b>	<b>1,123,645</b>	<b>1,803,876</b>	<b>9,998,352</b>

See notes to financial statements

## Oelwein Community School District

Reconciliation of the Balance Sheet-Governmental Funds  
to the Statement of Net Assets

June 30, 2010

Total fund balances of governmental funds (page 20) \$ 3,842,589

*Amounts reported for governmental activities in the  
statement of net assets are different because:*

Capital assets used in governmental activities are not  
financial resources and, therefore, are not reported as  
assets in the governmental funds. 12,221,593

Accrued interest payable on long-term liabilities is not due  
and payable in the current period and, therefore, is not  
reported as a liability in the governmental funds. (19,330)

Long-term liabilities, including bonds payable and compensated  
absences, are not due and payable in the current period and,  
therefore, are not reported as liabilities in the governmental  
funds. (2,277,749)

Net assets of governmental activities (page 17) \$ 13,767,103

Oelwein Community School District  
Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

Year ended June 30, 2010

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$3,683,788	-	783,388	803,233	5,270,409
Tuition	152,508	-	-	-	152,508
Other	402,405	382	12,314	506,653	921,754
State sources	7,710,152	-	-	554	7,710,706
Federal sources	1,474,281	-	108,078	-	1,582,359
Total revenues	13,423,134	382	903,780	1,310,440	15,637,736
Expenditures:					
Current:					
Instruction:					
Regular instruction	5,277,381	-	-	143,133	5,420,514
Special instruction	3,000,309	-	-	-	3,000,309
Other instruction	919,863	-	-	447,277	1,367,140
	9,197,553	-	-	590,410	9,787,963
Support services:					
Student services	285,839	-	-	-	285,839
Instructional staff services	408,606	-	-	-	408,606
General administration services	303,463	-	-	142,394	445,857
School administration	721,768	-	-	-	721,768
Business	304,697	-	-	-	304,697
Operation and maintenance of plant services	1,020,573	-	-	74,190	1,094,763
Transportation services	361,639	-	-	210,454	572,093
	3,406,585	-	-	427,038	3,833,623
Non-instructional programs	-	-	-	-	-
Other expenditures:					
Facilities acquisition	-	-	-	28,993	28,993
Long-term debt:					
Principal	-	704,224	-	-	704,224
Interest and fiscal charges	-	75,049	-	-	75,049
AEA flowthrough	604,776	-	-	-	604,776
	604,776	779,273	-	28,993	1,413,042
Total expenditures	13,208,914	779,273	-	1,046,441	15,034,628
Excess (deficiency) OF revenues over (under) expenditures	214,220	(778,891)	903,780	263,999	603,108
Other financing sources (uses):					
Revenue bonds issued	-	-	-	-	-
Operating transfers in	-	784,721	-	-	784,721
Operating transfers out	(121,955)	-	(607,397)	(55,369)	(784,721)
Total other financing sources (uses)	(121,955)	784,721	(607,397)	(55,369)	-
Net change in fund balances	92,265	5,830	296,383	208,630	603,108
Fund balances beginning of year	1,390,406	254,719	827,262	767,094	3,239,481
Fund balances end of year	\$1,482,671	260,549	1,123,645	975,724	3,842,589

See notes to financial statements

## Oelwein Community School District

Reconciliation of the Statement of Revenues, Expenditures and  
 Changes in Fund Balances-Governmental Funds  
 to the Statement of Activities

Year ended June 30, 2010

Net change in fund balances-total governmental funds (page 22) \$ 603,108

*Amounts reported for governmental activities in the  
 statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year as follows:

Expenditures for capital assets	104,210	
Depreciation expense	<u>(523,772)</u>	(419,562)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Repaid	704,224
Interest on long-term debt in the Statement of Activities differs from the amount reported in the government funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	13,928
Other postemployment benefit	<u>3,014</u>

Change in net assets of governmental activities (page 19) \$ 904,712

## Oelwein Community School District

Statement of Net Assets  
Proprietary Fund

June 30, 2010

	<u>School Nutrition</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 108,736
Accounts Receivable	1,552
Inventories	14,457
Capital assets, net of accumulated depreciation	<u>38,221</u>
<b>Total assets</b>	<u>162,966</u>
<b>Liabilities</b>	
Accounts payable	4,447
Net OPED liability	<u>5,166</u>
<b>Total liabilities</b>	<u>9,613</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	38,221
Unrestricted	<u>115,132</u>
<b>Total net assets</b>	<u><u>\$ 162,966</u></u>

See notes to financial statements

## Oelwein Community School District

Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Fund

Year ended June 30, 2010

	<u>School Nutrition</u>
Operating revenue:	
Local sources:	
Charges for service	<u>\$ 291,153</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries and benefits	392,287
Purchased services	6,901
Supplies	298,006
Depreciation	<u>8,305</u>
Total operating expenses	<u>705,499</u>
Operating loss	<u>(414,346)</u>
Non-operating revenues:	
State sources	6,325
Federal sources	413,112
Interest income	<u>237</u>
Total non-operating revenues	<u>419,674</u>
Net income	5,328
Net assets beginning of year	<u>148,025</u>
Net assets end of year	<u><u>\$ 153,353</u></u>

See notes to financial statements

## Oelwein Community School District

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2010

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 293,382
Cash payments to employees for services	(392,287)
Cash payments to suppliers for goods or services	(250,436)
Net cash used in operating activities	<u>(349,341)</u>
Cash flows from non-capital financing sources:	
State grants received	6,325
Federal grants received	364,109
Net cash provided by non-capital financing activities	<u>370,434</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(9,383)
Net cash used by capital and related financing activities	<u>(9,383)</u>
Cash flows from investing activities:	
Interest on investments	<u>237</u>
Net increase in cash and cash equivalents	11,947
Cash and cash equivalents at beginning of year	<u>96,789</u>
Cash and cash equivalents at end of year	<u><u>\$ 108,736</u></u>

See notes to financial statements

Oelwein Community School District

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2010

	<u>School Nutrition</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (414,346)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	49,003
Depreciation	8,305
Decrease in due from other governments	2,229
Decrease in inventories	1,743
Increase in accounts payable	4,155
(Decrease) in other postemployment benefits	<u>(430)</u>
Net cash used in operating activities	<u><u>\$ (349,341)</u></u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2010, the District received \$49,003 of federal commodities.



## Oelwein Community School District

Statement of Fiduciary Net Assets  
Fiduciary Funds

June 30, 2010

	Private Purpose Trust Scholarship
<b>Assets</b>	
Cash and pooled investments	\$ 16,959
Accrued interest receivable	94
Due from other governments	-
Total assets	17,053
<b>Liabilities</b>	
Accounts payable	-
Due to other governments	-
Total liabilities	-
<b>Net Assets</b>	
Reserved for scholarships	\$ 17,053

See notes to financial statements

Oelwein Community School District  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2010

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Other	\$ -
Interest	750
Total additions	<u>750</u>
Deductions:	
Support services:	
Scholarships awarded	<u>750</u>
Change in net assets	-
Net assets beginning of year	<u>17,053</u>
Net assets end of year	<u><u>\$ 17,053</u></u>

See notes to financial statements

## Notes to Financial Statements

Oelwein Community School District

Notes to Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies

Oelwein Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served include the Cities of Oelwein, Hazleton, and Stanley, Iowa, and agricultural territory in Fayette and Buchanan Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Oelwein Community School has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Oelwein Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Fayette and Buchanan County Assessor's Conference Boards.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

Oelwein Community School District

Notes to Financial Statements

June 30, 2010

B. Basis of Presentation (continued)

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements — Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Oelwein Community School District

Notes to Financial Statements

June 30, 2010

B. Basis of Presentation (continued)

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on the net assets and changes in net assets. The District's fiduciary funds include the following:

The Private-Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues.

Oelwein Community School District

Notes to Financial Statements

June 30, 2010

C. Measurement Focus and Basis of Accounting (continued)

Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable – Property tax in the governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax

Oelwein Community School District

Notes to Financial Statements

June 30, 2010

D. Assets, Liabilities and fund Equity (continued)

Property Tax Receivable (continued)

receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2009.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvement other than buildings	2,500
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500



Oelwein Community School District

Notes to Financial Statements

June 30, 2010

D. Assets, Liabilities and fund Equity (continued)

Capital Assets (continued)

Capital Assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 Years
Improvements other than buildings	20-50 Years
Furniture and equipment	5-15 Years

Salaries and Benefits Payable – Payable and related expenditures for teachers with annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Oelwein Community School District

Notes to Financial Statements

June 30, 2010

Fund Equity — In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets — In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislations.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, disbursements did not exceed the amounts budgeted.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-ended management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2010, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$24,233</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit Risk. The investments in the Iowa Schools Joint Investment Trust were both rated Aaa by Moody's Investors Service.

(3) Due From and Due to Other Funds

There were no interfund receivable or payable balances at June 30, 2010.

Oelwein Community School District

Notes to Financial Statements

June 30, 2010

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Physical Plant and Equipment Levy	\$ 55,369
Debt Service	General	121,955
Debt Service	Capital Projects	607,397
Total		<u>\$784,721</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Co. NA, is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2010 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investment	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2009-2010A	6/25/2009	6/23/2010	=	=	=	=

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on Series 2009-10A was 2.50%. ISCAP advance activity in the General Fund for the year ended June 30, 2010 is as follows:

Oelwein Community School District

Notes to Financial Statements

June 30, 2010

(5) Iowa School Cash Anticipation Program (ISCAP) (continued)

	Balance Beginning Of Year	Advances Received	Advances Repaid	Balance End of Year
2009-2010A	\$ -	-	-	-

The District did not participate in Series 2009-2010A.

(6) Capital Assets

Capital asset activity for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End Of Year
<b>Governmental activities</b>				
Capital assets not being Depreciated				
Land	\$ 879,013	-	-	879,013
Total capital assets not Being depreciated	879,013	-	-	879,013
Capital assets being Depreciated				
Buildings	15,487,415	-	-	15,487,415
Furniture & equipment	2,414,152	231,952	127,742	2,518,362
Total capital assets Being depreciated	17,901,567	231,952	127,742	18,005,777
Less accumulated Depreciation for:				
Buildings	4,539,979	460,226	-	5,000,205
Furniture & equipment	1,599,446	191,288	127,742	1,662,992
Total accumulated Depreciation	6,139,425	651,514	127,742	6,663,197
Total capital assets Being depreciated, net	11,762,142	(419,562)	-	11,342,580
Governmental activities Capital assets, net	\$ 12,641,155	(419,562)	-	12,221,593

## Oelwein Community School District

## Notes to Financial Statements

June 30, 2010

## (6) Capital Assets (continued)

	Balance Beginning of Year, as restated	Increase	Decrease	Balance End Of Year
Business-type activities:				
Furniture & Equipment	\$ 164,703	9,383	-	174,086
Less accumulated depreciation	127,560	8,305	-	135,865
Business-type activities				
Capital assets, net	\$ 37,143	1,078	-	38,221

Depreciation expense was charged by the District as follows:

Governmental activities	
Instruction:	
Regular	\$ 559,982
Special	1,705
Support Activities	
Administration	1,723
Operation and maintenance of plant	15,180
Transportation	72,924
Total governmental activities depreciation expense	<u>\$ 651,514</u>
Business-type activities:	
Food services	<u>\$ 8,305</u>

## (7) Long-Term Liabilities

Changes in Long-term liabilities for the year ended June 30, 2010 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
General obligation bonds	\$ 490,000	-	305,000	185,000	185,000
Revenue bonds	1,250,000	-	230,000	1,020,000	240,000
Revenue bonds	1,000,000	-	-	1,000,000	-
Notes payable	169,224	-	169,224	-	-
Net OPED Liability	75,763	-	3,014	72,749	-
Total	\$2,984,987	-	707,238	2,277,749	425,000

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Business Type activities:					
Net OPEB liability	\$ 5,596	-	430	5,166	-

Early Retirement

The District offers a voluntary early retirement plan to its employees. Eligible employees must have completed 20 years of continuous service to the District and must have attained the age of 55 as of August 1 of the year he/she plans to retire. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee consists of \$400 per month for 5 years or 60 payments toward the District health insurance plan of the employees choice and a one time cash award of \$1,000. Early retirement benefits paid during the year ended June 30, 2010, totaled \$101,292. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the Special Revenue, Management Levy Fund. The benefits payable at June 30, 2010 is estimated to be \$96,456.

Oelwein Community School District

Notes to Financial Statements

June 30, 2010

(7) Long-Term Liabilities (continued)

GENERAL OBLIGATION SCHOOL BONDS

The Oelwein Community School District received proceeds of \$2,500,000 from the issue of general obligation bonds dated March 1, 2000. This bond issue is being used for the purpose of providing funds to build classroom additions at Oelwein High School and Parkside Elementary School. Details of the District's June 30, 2010 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2011	5.35	\$ 185,000	9,898	194,898

LOCAL OPTION SALES TAX REVENUE BONDS DATED JULY 1, 2005

The Oelwein Community School District received proceeds of \$1,900,000 from the issue of local option sales tax revenue bonds issued July 1, 2005.

Details of the District's June 30, 2010 local option sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2011	3.35	240,000	31,340	271,340
2012	3.40	250,000	23,070	273,070
2013	3.50	260,000	14,270	274,270
2014	3.60	270,000	4,860	274,860
Total		\$ 1,020,000	73,540	1,093,540

The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

Oelwein Community School District

Notes to Financial Statements

June 30, 2010

REVENUE BONDS PAYABLE (continued)

- a. \$190,000 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account
- b. All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
- c. Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d. Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

The District did comply with all of the provisions during the year ended June 30, 2010.

LOCAL OPTION SALES TAX REVENUE BONDS, SERIES 2007 (Qualified Zone Academy Bonds) dated November 15, 2007

The Oelwein Community School District received proceeds of \$1,000,000 from the issue of revenue bonds dated 11/15/2007. This bond issue is being used for the purpose of defraying the cost of school infrastructure. The entire bond issue matures 11/17/2017 and to provide for the payment of the bonds at maturity there is established with the paying agent an irrevocable trust fund for the benefit of bond holders to be known as the "School Infrastructure Local Option Sales and Services Tax Revenue Bond Escrow Fund" to be invested at 3.88%. Annually, on July first of each year commencing July 1, 2008, there shall be deposited into the sinking fund \$84,530.12 to be invested in accordance with the rules of the Investment Agreement. The Escrow Fund is pledged to the payment of the bonds at maturity.

NOTES PAYABLE – ENERGY MANAGEMENT IMPROVEMENT CAPITAL LOAN NOTE

The Oelwein Community School District received proceeds of \$850,000 from an Energy Management Improvement Capital Loan Note dated June 1, 2000. These note proceeds are being used for a geothermal project at the Oelwein Middle School. The Energy Management Improvement Capital Loan Note balance as of June 30, 2010 was -0-.

Oelwein Community School District

Notes to Financial Statements

June 30, 2010

NOTES PAYABLE — MAYNARD SAVINGS BANK

The District entered into a loan agreement with Maynard Savings Bank on May 23, 2005 for \$275,000. This loan was used in the Physical Plant and Equipment Levy Fund for stadium renovation. The due date of this loan is May 15, 2010. The interest rate on this loan is 2.90%. The District will make semi-annual principal and interest payments of \$29,725 beginning November 15, 2005. The note balance at Maynard Savings Bank as of June 30, 2010 was -0-.

(8) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$530,637, \$525,295, \$461,816, respectively, and were equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Plan Description: The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 181 active and 29 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Midwest Benefits Group. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy: The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.



Oelwein Community School District

Notes to Financial Statements

June 30, 2010

(9) Other Postemployment Benefits (OPEB) (continued)

Annual OPEB Cost and Net OPEB Obligation: The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No.45. The ARC represents a level of funding that , if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contributions	\$ 1,593,533
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	1,593,533
Contributions made	(1,596,977 )
Decrease in net OPEB obligation	(3,444 )
Net OPEB obligation beginning of year	81,359
Net OPEB obligation end of year	\$ 77,915

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the District contributed \$1,302,787 to the medical plan. Plan member eligible for benefits contributed \$206,952, or 14% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30,2010	\$1,593,533	100.02%	\$ 77,915

Oelwein Community School District

Notes to Financial Statements

June 30, 2010

(9) Other Postemployment Benefits (OPEB) (continued)

Funded Status and Funding Program-As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2010, the actuarial accrued liability was \$1.207 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.207 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,610,365, and the ratio of the UAAL to covered payroll was 17.7%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions-Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$657 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Oelwein Community School District

Notes to Financial Statements

June 30, 2010

(10) Risk Management

Oelwein Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from the risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$604,776 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

## Required Supplementary Information

Oelwein Community School District  
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses  
 and Changes in Balances-Budget and Actual -All  
 Governmental Funds and Proprietary Fund  
 Required Supplementary Information  
 Year ended June 30, 2010

	Governmental Fund Types Actual	Proprietary Fund Type Actual
Revenues:		
Local sources	6,344,671	291,390
State sources	7,710,706	6,325
Federal sources	1,582,359	413,112
Total receipts	<u>15,637,736</u>	<u>710,827</u>
Expenditures:		
Instruction	9,787,963	-
Support services	3,833,623	-
Non-instructional programs	-	705,499
Other expenditures	1,413,042	-
Total expenditures	<u>15,034,628</u>	<u>705,499</u>
Excess (deficiency) of revenues over (under) expenditures	603,108	5,328
Other financing sources, net	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	603,108	5,328
Balances beginning of year	<u>3,239,481</u>	<u>148,025</u>
Balances end of year	<u><u>3,842,589</u></u>	<u><u>153,353</u></u>

See accompanying independent auditor's report

Total Actual	Budgeted Amounts		Final to Actual Variance- Positive Negative
	Original	Final	
6,636,061	6,539,629	6,539,629	96,432
7,717,031	9,179,095	9,179,095	(1,462,064)
1,995,471	1,010,000	1,010,000	985,471
16,348,563	16,728,724	16,728,724	(380,161)
9,787,963	11,708,685	11,708,685	1,920,722
3,833,623	3,875,000	3,875,000	41,377
705,499	901,026	901,026	195,527
1,413,042	2,029,586	2,029,586	616,544
15,740,127	18,514,297	18,514,297	2,774,170
608,436	(1,785,573)	(1,785,573)	2,394,009
-	-	-	-
608,436	(1,785,573)	(1,785,573)	2,394,009
3,387,506	3,341,320	3,341,320	46,186
3,995,942	1,555,747	1,555,747	2,440,195

See accompanying independent auditor's report

Oelwein Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2010

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust Fund. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2010, expenditures did not exceed the amounts budgeted.

Oelwein Community School District  
Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)

Year ended June 30, 2010

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
2009	July 1, 2008	-	\$ 1,207	1,207	0.0%	\$ 6,870	17.70%
2010	July 1, 2008	-	1,207	1,207	0.0%	6,610	18.26%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPED Cost and Net OPED Obligation, funded status and funding progress.



## Other Supplementary Information

## Oelwein Community School District

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2010

	Special Revenue			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
<b>Assets</b>				
Cash and pooled investments	\$ 251,187	383,300	431,211	1,065,698
Receivable:				
Property tax:				
Delinquent	7,350	-	3,733	11,083
Succeeding year	300,000	-	426,696	726,696
Other	399	-	-	399
<b>Total assets</b>	<b>558,936</b>	<b>383,300</b>	<b>861,640</b>	<b>1,803,876</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	-	-	-	-
Salaries and benefits payable	101,456	-	-	101,456
Deferred revenue:				
Succeeding year property tax	300,000	-	426,696	726,696
Total liabilities	401,456	-	426,696	828,152
Fund balances:				
Unreserved fund balances	157,480	383,300	434,944	975,724
<b>Total liabilities and fund balances</b>	<b>\$ 558,936</b>	<b>383,300</b>	<b>861,640</b>	<b>1,803,876</b>

See accompanying independent auditor's report

## Oelwein Community School District

Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2010

	Special Revenue			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ 367,687	-	435,546	803,233
Other	26,891	466,625	13,137	506,653
State sources	368	-	186	554
Total revenues	394,946	466,625	448,869	1,310,440
Expenditures:				
Current:				
Instruction:				
Regular instruction	101,292	-	41,841	143,133
Other instruction	-	447,277	-	447,277
Support services:				
Administration services	138,594	-	3,800	142,394
Transportation	14,867	-	195,587	210,454
Operation and maintenance of plant services	72,106	-	2,084	74,190
Other expenditures:				
Facilities acquisition	-	-	28,993	28,993
Total expenditures	326,859	447,277	272,305	1,046,441
Excess (deficiency) of revenues over (under) expenditures	68,087	19,348	176,564	263,999
Other financing sources (uses):				
Operating transfers out	-	-	(55,369)	(55,369)
Total other financing sources (uses)	-	-	(55,369)	(55,369)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	68,087	19,348	121,195	208,630
Fund balances beginning of year	89,393	363,952	313,749	767,094
Fund balances end of year	\$ 157,480	383,300	434,944	975,724

See accompanying independent auditor's report

Oelwein Community School District  
 Schedule of Changes in Special Revenue Fund  
 Student Activity Accounts  
 Year ended June 30, 2010

	Balance Beginning of Year	Intra- Fund Transfers	Revenues	Expenditures	Balance End Year
<u>Central Office</u>					
Americorp	\$ -	-	-	-	-
Alternative School	1,168	-	770	795	1,143
Alternative School Activity	35	-	-	-	35
F.A.S.T.	-	-	-	-	-
Miscellaneous Revolving Receipts	7,180	-	-	-	7,180
District Football	-	-	-	-	-
Elementary Building Account	17,617	-	38,833	30,704	25,746
LHLC Building Account	-	-	-	-	-
K-1 Building Account	14,152	-	17,365	19,359	12,158
Parents As Teachers	-	-	-	-	-
Office Account	178	46	1,633	1,857	-
Sports Complex	-	-	-	-	-
Computer Fee	-	-	-	-	-
Husky Hub Center	14,524	-	18,907	17,171	16,260
Transfers-Central Office	-	-	-	-	-
Total	54,854	46	77,508	69,886	62,522
<u>Senior High Activity</u>					
Ag Department	20,874	-	44,374	38,055	27,193
Athletic Equipment	1,459	4,200	5,857	1,322	10,194
General Activities	7,890	(44,098)	81,680	30,541	14,931
Annual	6,826	4,276	8,590	13,832	5,860
Band Club	8,282	-	20,027	22,464	5,845
Student Council	1,016	245	1,360	2,621	-
Distributive Ed. Club	6,606	-	23,544	25,185	4,965
Football Club	9,623	-	3,594	3,814	9,403
Band Trip	4,050	-	43,025	44,882	2,193
Baseball	5,900	3,400	-	3,800	5,500
Basketball - Boys	4,100	2,299	-	2,899	3,500
Basketball - Girls	3,600	2,452	-	3,052	3,000
Bowling Club	-	(498)	1,197	699	-
Boys Track	1,500	234	-	734	1,000
Newspaper Club	3,328	(10)	2,514	1,323	4,509
Drama Club	10,167	-	-	536	9,631
Vocal Music Club	2,368	(499)	970	2,119	720
Cross Country Club	70	(70)	-	-	-
Band	4,500	1,755	-	2,755	3,500
Baseball Club	5,887	-	1,425	5,222	2,090

See accompanying independent auditor's report

Oelwein Community School District  
 Schedule of Changes in Special Revenue Fund  
 Student Activity Accounts  
 Year ended June 30, 2010

	Balance Beginning of Year	Intra- Fund Transfers	Revenues	Expenditures	Balance End Year
<u>Senior High Activity (Continued):</u>					
Basketball Club - Boys	2,185	-	7,009	8,013	1,181
Basketball Club - Girls	2,438	-	4,048	3,744	2,742
Concessions	54,427	-	38,868	28,193	65,102
Football	8,900	6,538	-	7,038	8,400
Cheerleader Club	4,413	-	6,902	6,990	4,325
Interest Revenue Account	23,790	-	2,628	-	26,418
Golf - Boys	1,100	1,430	-	1,430	1,100
Golf - Girls	1,100	1,230	-	1,230	1,100
Tournaments	12,536	-	3,772	5,467	10,841
Tournaments-Gates	-	-	16,929	16,929	-
Vocal Music	2,600	2,499	-	3,099	2,000
Class of 2011	3,667	-	6,078	5,332	4,413
Class of 2012	-	-	2,083	1,050	1,033
Class of 2013	-	-	-	-	-
Class of 2014	4,646	(4,277)	-	369	-
Wrestling Club	-	175	-	175	-
Volleyball Club	1,211	(808)	3,290	2,801	892
Softball Club	68	(763)	4,480	3,785	-
Track Club - Boys	712	-	3,580	1,273	3,019
Softball	3,150	4,113	-	4,113	3,150
Track - Girls	1,500	1,038	-	1,538	1,000
Wrestling	2,500	2,404	-	2,404	2,500
Cross Country Track - Girls & Boys	600	1,264	-	1,264	600
Tennis - Boys	350	174	-	174	350
Tennis Club-Boys	263	-	717	826	154
Boys Bowling	750	1,377	-	1,377	750
Husky Elite Club	-	-	-	-	-
Newspaper	300	310	-	310	300
Speech	1,000	1,035	-	1,035	1,000
Lockers	3,283	-	-	-	3,283
Post Prom	218	-	4,791	3,942	1,067
Cheerleading	900	600	-	900	600
F.F.A. Grant	10,641	-	-	452	10,189
Drama	4,900	3,721	-	3,921	4,700
Girls Track Club	399	(37)	2,945	596	2,711
Academic Decathlon	100	-	-	-	100
Art	32	-	-	-	32
Girls Bowling	750	863	-	863	750
Club Husky	1,638	-	-	69	1,569
Manufacturing Club	2,091	-	1,041	63	3,069
Tennis - Girls	350	174	-	174	350
Tennis Club-Girls	150	-	-	-	150
Volleyball	2,700	3,208	-	3,508	2,400
Total	270,404	(46)	347,318	330,302	287,374

See accompanying independent auditor's report

Oelwein Community School District  
 Schedule of Changes in Special Revenue Fund  
 Student Activity Accounts  
 Year ended June 30, 2010

	Balance Beginning of Year	Intra- Fund Transfers	Revenues	Expenditures	Balance End Year
<u>Middle School Activity</u>					
Track Fund	-	-	-	-	-
General Activities	3,273	2,434	9,948	15,655	-
Softball	-	-	-	-	-
Athletic Club	8	-	615	331	292
Drama	-	366	-	366	-
Activity Office	4,363	-	381	290	4,454
Annual	-	595	2,270	2,865	-
Band Club	328	-	1,598	1,924	2
Basketball	-	1,748	-	1,748	-
Football	-	3,774	-	3,774	-
Magazine Campaign	6,801	(11,006)	19,776	11,736	3,835
Interest Reserve Account	16,424	-	2,628	-	19,052
Student Council	1,372	-	-	663	709
Student Purchases	1,777	-	92	390	1,479
Track	-	580	-	580	-
Vocal Music	-	-	-	-	-
Wrestling	-	348	-	348	-
6-7-8 Club	1,392	(1,205)	-	187	-
Band	-	248	-	248	-
Industrial Arts Club	678	-	-	-	678
Donations	437	-	-	62	375
Vocal Music Club	1,841	-	4,491	3,804	2,528
Volleyball	-	2,118	-	2,118	-
Total	38,694	-	41,799	47,089	33,404
Total Student Activity	363,952	-	466,625	447,277	383,300

## Oelwein Community School District

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Fund Types

For the Last Five Years

	Modified Accrual Basis				
	2010	2009	2008	2007	2006
Revenues:					
Local sources:					
Local tax	\$ 5,270,409	\$ 5,089,924	\$ 5,026,687	5,107,804	4,687,148
Tuition	152,508	144,555	199,440	219,104	175,839
Other	921,754	864,977	1,236,568	1,088,107	1,292,562
State sources	7,710,706	8,711,974	8,008,172	7,605,094	7,317,557
Federal sources	1,582,359	760,013	667,015	598,627	597,772
Total	\$ 15,637,736	\$ 15,571,443	\$ 15,137,882	14,618,736	14,070,878
Expenditures:					
Instruction:					
Regular instruction	\$ 5,420,514	\$ 5,830,824	\$ 5,615,027	5,619,951	5,030,023
Special instruction	3,000,309	2,928,251	2,585,222	2,352,908	2,615,288
Other instruction	1,367,140	1,379,519	1,483,990	1,256,381	668,938
Support services:					
Student services	285,839	319,140	318,611	304,482	337,889
Instructional staff services	408,606	273,485	294,368	229,760	227,002
Administration services	445,857	381,319	349,962	319,890	316,868
School administration	721,768	696,674	730,314	702,930	620,992
Business administration	304,697	324,525	301,633	273,161	308,524
Operation and maintenance of plant services	1,094,763	1,170,718	1,149,626	1,067,004	1,088,195
Transportation services	572,093	409,235	362,915	427,714	297,909
Non-instructional programs	-	-	-	-	-
Other expenditures:					
Facilities acquisition	28,993	1,414,502	1,260,619	406,765	2,254,738
Long-term debt:					
Principal	704,224	681,627	649,793	654,653	439,156
Interest and other charges	75,049	105,651	184,408	165,370	176,011
AEA flowthrough	604,776	538,116	512,133	494,326	472,098
Total	\$ 15,034,628	\$ 16,453,586	\$ 15,798,621	14,275,295	14,853,631

See accompanying independent auditor's report

Oelwein Community School District  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2010

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
School Nutrition Cluster Programs			
School Breakfast Program	10.553	FY10	\$ 72,247
National School Lunch Program	10.555	FY10	336,688
Summer Food Service	10.559	FY10	3,778
Team Nutrition	10.574	FY10	399
			<u>413,112</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY10	<u>345,949</u>
Special Education-Grants to States	84.027	FY10	<u>78,678</u>
Career and Technical Education	84.048	FY10	<u>15,272</u>
Title IIA-Federal Teacher Quality Program	84.367	FY10	<u>97,791</u>
Safe and Drug-Free Schools and Communities-State Grants	84.186	FY10	<u>7,144</u>
ARRA-Special Education-Grants to States	84.391	FY10	<u>172,105</u>
Title VIA	84.369	FY10	<u>8,457</u>
IDEA Equipment	84.392	FY10	<u>2,387</u>
ARRA-State Fiscal Stabilization Fund	84.394	FY10	<u>613,921</u>
-ISL	84.394	FY10	<u>40,070</u>
-Professional Development	84.394	FY10	<u>5,772</u>
ARRA-Title I Grants to Education Agencies	84.389A	FY10	<u>85,448</u>
Total			<u>\$ 1,886,106</u>

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Oelwein Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



**RFSW** Ridihalgh Fuelling  
Snitker Weber & Co.  
C E R T I F I E D P U B L I C A C C O U N T A N T S

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Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards

To the Board of Education of  
Oelwein Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Oelwein Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 13, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oelwein Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Oelwein Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Oelwein Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We noted no deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oelwein Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial

statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Oelwein Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Oelwein Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Oelwein Community School District and other parties to whom Oelwein Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Oelwein Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.*

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.  
Certified Public Accountants

December 13, 2010

James R. Ridihalgh, C.P.A.  
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Independent Auditor's Report on Compliance with Requirements Applicable  
To Each Major Program and on Internal Control over Compliance  
In Accordance with OMB Circular A-133

To the Board of Education of  
Oelwein Community School District:

Compliance

We have audited the compliance of Oelwein Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Oelwein Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Oelwein Community School District's management. Our responsibility is to express an opinion on Oelwein Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oelwein Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Oelwein Community School District's compliance with those requirements.

In our opinion, Oelwein Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Oelwein Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Oelwein Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oelwein Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material

weaknesses have been identified. We noted no deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We noted no deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs that we consider to be material weaknesses.

Oelwein Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Oelwein Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Oelwein Community School District and other parties to whom Oelwein Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.*

Ridihalgh, Fuelling, Snitker, Weber & Co., .C.  
Certified Public Accountants

December 13, 2010

OELWEIN COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010

Part I: Summary of the Independent Auditor's Results

- a) Unqualified opinions were issued on the financial statements.
- b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any noncompliance which is material to the financial statements.
- d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit disclosed no audit findings, which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g) Major programs were as follows:
  - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
  - CFDA Number 84.394 - ARRA - State Fiscal Stabilization Fund (SFSF) -  
Education State Grants, Recovery Act.
  - Clustered programs:
    - CFDA Number 10.553 School Breakfast Program
    - CFDA Number 10.555 National School Lunch Program
    - CFDA Number 10.574 Team Nutrition Grant
    - CFDA Number 10.559 Summer Food Service
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) Oelwein Community School District did qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No reportable conditions.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No reportable conditions.

OELWEIN COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-10 Official Depositories – Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2010.
- IV-B-10 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-10 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-10 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-10 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- IV-F-10 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-10 Certified Enrollment – The Department of Education found a potential audit adjustment to the October 1, 2009 Certified Enrollment submitted by the District. It was determined that the District had miscoded the Transferred Out date on one student as 08/24/2009 on the Spring EASIER and it should have been 03/11/2010. No adjustment to the District's certified enrollment was needed.
- IV-H-10 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-10 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- IV-J-10 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.
- IV-K-10 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

OELWEIN COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting: (continued)

IV-L-10 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales, services and use tax revenue are as follows:

Beginning balance	\$	827,262	
Statewide sales, services and use tax		783,388	
Interest Income		12,315	
Harkin Grant		108,078	
Debt service for school infrastructure:			
General obligation debt	\$	331,310	
Revenue debt		<u>276,087</u>	<u>607,397</u>
Ending balance			<u>\$1,123,646</u>

The statewide sales, services and use tax revenue received during the year ended June 30, 2010 is equivalent to a reduction in the following levies:

	Per \$1,000 of	
	<u>Taxable Valuation</u>	<u>Property Tax Dollars</u>
Debt service levy	\$ 1.29416	\$ 331,310

OELWEIN COMMUNITY SCHOOL DISTRICT

AUDIT STAFF

This audit was performed by:

Gene Fuelling, CPA  
David L. Fox, CPA